

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
Second Regular Session  
2008

# HOUSE BILL 2586

## AN ACT

AMENDING SECTIONS 42-17001, 42-17003, 42-17004, 42-17005, 42-17052, 42-17054, 42-17055 AND 48-807, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 48-808; AMENDING SECTIONS 48-1104, 48-3901, 48-3903, 48-4023, 48-4023.01, 48-5802 AND 48-5805, ARIZONA REVISED STATUTES; RELATING TO SECONDARY PROPERTY TAXES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-17001, Arizona Revised Statutes, is amended to  
3 read:

4 42-17001. Definitions

5 In this chapter, unless the context otherwise requires:

6 1. "Commission" means the property tax oversight commission  
7 established by section 42-17002.

8 2. "Political subdivision" means a county, charter county, city,  
9 charter city, town or community college district.

10 3. "SPECIAL TAXING DISTRICT" MEANS:

11 (a) A FIRE DISTRICT ESTABLISHED PURSUANT TO TITLE 48, CHAPTER 5.

12 (b) A COUNTY TELEVISION IMPROVEMENT DISTRICT ESTABLISHED PURSUANT TO  
13 TITLE 48, CHAPTER 7.

14 (c) A COUNTY FREE LIBRARY DISTRICT ESTABLISHED PURSUANT TO TITLE 48,  
15 CHAPTER 24.

16 (d) A COUNTY JAIL DISTRICT ESTABLISHED PURSUANT TO TITLE 48,  
17 CHAPTER 25.

18 (e) A SPECIAL HEALTH CARE DISTRICT ESTABLISHED PURSUANT TO TITLE 48,  
19 CHAPTER 31.

20 (f) A PUBLIC HEALTH SERVICES DISTRICT ESTABLISHED PURSUANT TO TITLE  
21 48, CHAPTER 33.

22 Sec. 2. Section 42-17003, Arizona Revised Statutes, is amended to  
23 read:

24 42-17003. Duties

25 A. The commission shall:

26 1. Establish procedures for deriving the information required by  
27 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

28 2. Review the primary property tax levy of each political subdivision  
29 to determine violations of sections 15-905.01, 15-1461.01 and 42-17107 and  
30 article 2 of this chapter.

31 3. REVIEW THE SECONDARY PROPERTY TAX LEVY OF EACH SPECIAL TAXING  
32 DISTRICT TO DETERMINE VIOLATIONS OF SECTIONS 48-807, 48-1104, 48-3903,  
33 48-4023, 48-4023.01, 48-5565 AND 48-5805.

34 ~~3-~~ 4. Review the reports made by the department concerning valuation  
35 accuracy.

36 ~~4-~~ 5. Hold hearings to determine the adequacy of compliance with  
37 articles 2 and 3 of this chapter.

38 ~~5-~~ 6. Upon the request of a county, city, town or community college  
39 district, hold hearings as prescribed in section 42-17004 regarding the  
40 calculation of the maximum allowable primary property tax levy limits  
41 prescribed in section 42-17051, subsection A.

42 B. If the commission determines that a political subdivision has  
43 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this  
44 chapter, OR THAT A SPECIAL TAXING DISTRICT HAS VIOLATED SECTION 48-807,  
45 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, then on or before

1 September 15 the commission shall notify the political subdivision OR  
2 DISTRICT, and the county board of supervisors, in writing, of:

3 1. The nature of the violation.

4 2. The necessary adjustment to:

5 (a) The primary property tax levy and tax rate to comply with section  
6 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter.

7 (b) THE SECONDARY PROPERTY TAX LEVY AND TAX RATE TO COMPLY WITH  
8 SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805.

9 Sec. 3. Section 42-17004, Arizona Revised Statutes, is amended to  
10 read:

11 42-17004. Hearing and appeals of commission findings

12 A. If the commission notifies a political subdivision of a violation  
13 of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter, OR  
14 NOTIFIES A SPECIAL TAXING DISTRICT OF A VIOLATION OF SECTION 48-807, 48-1104,  
15 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805, and the political  
16 subdivision OR DISTRICT disputes the commission's findings, then on or before  
17 October 1 the political subdivision OR DISTRICT may request a hearing before  
18 the commission to attempt to resolve the dispute.

19 B. A governing ~~board~~ BODY of a county, city, town, ~~or~~ community  
20 college district OR SPECIAL TAXING DISTRICT may request a hearing before the  
21 commission regarding the calculation of the maximum allowable primary OR  
22 SECONDARY property tax levy limits prescribed in section 42-17051, 48-807,  
23 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805. The commission  
24 may resolve any disputes.

25 C. The commission shall conduct the hearing as prescribed in title 41,  
26 chapter 6, article 10.

27 D. If the dispute is resolved at the hearing, the commission shall  
28 immediately notify the county board of supervisors of the proper primary OR  
29 SECONDARY tax levy and tax rate.

30 E. If a political subdivision OR SPECIAL TAXING DISTRICT continues to  
31 dispute the commission's findings after the hearing under this section, the  
32 political subdivision OR DISTRICT may:

33 1. Appeal the matter to tax court within thirty days after the  
34 commission renders the decision.

35 2. Levy primary OR SECONDARY property taxes in the amount that the  
36 political subdivision OR DISTRICT considers to be proper, pending the outcome  
37 of the appeal.

38 Sec. 4. Section 42-17005, Arizona Revised Statutes, is amended to  
39 read:

40 42-17005. Adjustments to levy

41 A. If a governing body of a political subdivision OR A SPECIAL TAXING  
42 DISTRICT receives written notice of a violation of its allowable levy limit  
43 or truth in taxation limit under section 42-17003, and has not appealed the  
44 commission's decision pursuant to section 42-17004, the governing body shall  
45 correct its ~~primary~~ property tax levy and tax rate to properly reflect the

allowable levy for the current year. The county board of supervisors shall make the necessary adjustments to the political subdivision's ~~OR DISTRICT'S~~ ~~primary~~ property tax levy and tax rate to ensure that the corrected information is contained in the assessment and tax roll that is transmitted to the county treasurer pursuant to section 42-18003. If the governing body receives the notice after it is too late to correct the levy in the current year, the difference between the amount actually levied and the allowable ~~primary~~ property tax levy shall be set aside in a special fund and used to reduce the ~~primary~~ property taxes levied in the following year.

B. If, after a hearing under section 42-17004, the commission determines that errors were made in the calculation of the maximum allowable primary property tax levy limit pursuant to section 42-17051, subsection A, ~~OR SECONDARY PROPERTY TAX LEVY LIMIT PURSUANT TO SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805~~, the commission shall have five days to notify the governing ~~board-of-a~~ BODY OF THE county, city, town, ~~or~~ community college district OR SPECIAL TAXING DISTRICT of the corrected levy limit. The commission shall also notify the county board of supervisors within five days. The corrected maximum allowable primary property tax levy shall be used in section 42-17051, subsection A, paragraph 1 in determining the following year's levy limit. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED IN SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

C. If, after a hearing under section 42-17004, it is impossible for the board of supervisors to correct a property tax levy in the current year, the political subdivision OR SPECIAL TAXING DISTRICT shall hold the difference between the amount the political subdivision OR DISTRICT actually levied and the allowable ~~primary~~ property tax levy prescribed by the commission in a separate fund to be used to reduce the ~~primary~~ property taxes levied by the political subdivision OR DISTRICT in the following year.

D. If the commission discovers that it has made an error in computing the levy limit after September 15, it shall notify the political subdivision's OR SPECIAL TAXING DISTRICT'S governing body about the error. The error shall be corrected as prescribed in subsection A of this section. If the error results in the maximum allowable ~~primary~~ property tax levy being raised: ~~—~~

1. The corrected maximum allowable primary property tax levy shall be used in section 42-17051, subsection A, paragraph 1 in determining the following year's levy limit.

2. ~~THE CORRECTED MAXIMUM ALLOWABLE SECONDARY PROPERTY TAX LEVY SHALL BE USED FOR THE PURPOSES OF SECTION 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 OR 48-5805 IN DETERMINING THE FOLLOWING YEAR'S LEVY LIMIT.~~

E. If, on appeal under section 42-17004, subsection E, the ruling of the court provides for a ~~primary~~ property tax levy in an amount that is less

1 than the amount levied by the political subdivision OR SPECIAL TAXING  
2 DISTRICT, the political subdivision OR DISTRICT shall hold the difference  
3 between the amounts in a separate fund to be used to reduce the primary  
4 property taxes levied by the political subdivision OR DISTRICT in the  
5 following year.

6 Sec. 5. Section 42-17052, Arizona Revised Statutes, is amended to  
7 read:

8 42-17052. Values furnished by county assessor

9 A. On or before February 10 of the tax year, the county assessor shall  
10 transmit and certify to the property tax oversight commission and to the  
11 governing body of the political subdivision or district in the county the  
12 values that are required to compute the levy limit prescribed by section  
13 SECTIONS 42-17051, 48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND  
14 48-5805. For the purposes of this section, these values shall not be changed  
15 for the official calculation of levy limits and tax rates after February 10  
16 without the approval of the property tax oversight commission. These values  
17 shall include:

18 1. The finally equalized valuation of all property, less estimated  
19 exemptions, appearing on the tax roll for the current tax year to be used to  
20 fix, levy and assess the political subdivision's taxes.

21 2. The value of the property on the personal property tax roll  
22 determined pursuant to section 42-17053.

23 B. On or before February 10 of the tax year, the county assessor shall  
24 determine the limited property value for the current tax year of each school  
25 district in the county and shall transmit the values to the county school  
26 superintendent to assist the superintendent in computing equalization  
27 assistance for education as provided in section 15-991.

28 C. On or before February 10 of the tax year, the county assessor shall  
29 transmit to the staff of the joint legislative budget committee and to the  
30 governor's office of strategic planning and budgeting the values that are  
31 required to compute the truth in taxation rates prescribed by section  
32 41-1276.

33 Sec. 6. Section 42-17054, Arizona Revised Statutes, is amended to  
34 read:

35 42-17054. Levy limit worksheet

36 A. When the county assessor transmits valuations under section  
37 42-17052, the assessor shall prepare and transmit a final levy limit  
38 worksheet to each city, town and community college district that imposes a  
39 primary property tax, TO EACH SPECIAL TAXING DISTRICT THAT IMPOSES A  
40 SECONDARY PROPERTY TAX and to the property tax oversight commission.

41 B. Each city, town, and community college district AND SPECIAL TAXING  
42 DISTRICT shall notify the property tax oversight commission in writing within  
43 ten days of its agreement or disagreement with the final levy limit  
44 worksheet.

1       Sec. 7. Section 42-17055, Arizona Revised Statutes, is amended to  
2 read:

3       42-17055. Public inspection of values used in computing levy  
4               limitation

5       A. On or before February 15 of the tax year, the governing body of  
6 each county, city, town, ~~and~~ community college district **AND SPECIAL TAXING**  
7 **DISTRICT** shall make available for public inspection the values determined in  
8 each numbered paragraph of section 42-17051, subsection A **AND IN SECTION**  
9 **48-807, 48-1104, 48-3903, 48-4023, 48-4023.01, 48-5565 AND 48-5805.**

10       B. The property tax oversight commission shall not alter the values  
11 that have been determined and made available for public inspection under this  
12 section unless the county assessor transmits and certifies new values to the  
13 governing body. The new values shall be made available for public inspection  
14 on the request of any individual.

15       Sec. 8. Section 48-807, Arizona Revised Statutes, is amended to read:

16       48-807. County fire district assistance tax; annual budget

17       A. The board of supervisors of a county shall levy, at the time of  
18 levying other property taxes, a county fire district assistance tax on the  
19 taxable property in the county of not more than ten cents per one hundred  
20 dollars of assessed valuation. The tax levy provided for in this subsection  
21 shall be a levy of secondary property taxes and shall not be subject to title  
22 42, chapter 17, article 2. The county treasurer shall pay to each fire  
23 district, including a fire district formed pursuant to section 48-851, in the  
24 county from the proceeds of the tax an amount equal to twenty per cent of the  
25 property tax levy adopted by the district for the fiscal year in which the  
26 tax will be levied, except that:

27       1. The amount of assistance from the county to a fire district shall  
28 be reduced as follows:

29       (a) By the dollar amount that the fire district receives from the fire  
30 district assistance tax that exceeds three hundred thousand dollars from and  
31 after June 30 of each fiscal year.

32       (b) Except as provided in paragraph 2 **OF THIS SUBSECTION**, if the total  
33 amount to be paid to all districts in the county under this paragraph exceeds  
34 the amount to be raised by the levy of ten cents per one hundred dollars  
35 assessed valuation, then the county treasurer shall pay an amount less than  
36 twenty per cent of the property tax levy of each district. The amount to be  
37 paid by the county treasurer to each district shall be determined by  
38 multiplying the proceeds of the county fire district assistance tax against  
39 the proportion that twenty per cent of the property tax levy of each district  
40 bears to the total of twenty per cent of the property tax levies of all fire  
41 districts in the county.

42       2. For fiscal years beginning from and after July 1, 1992, the amount  
43 of assistance from the county to a fire district shall not be less than the  
44 assistance provided from and after June 30, 1991 through June 30, 1992, if,  
45 for the fiscal year in which the tax will be levied, the district levies a

1 tax, in addition to any tax levied under section 48-806, of three dollars per  
2 one hundred dollars of assessed valuation and the assessed valuation is at  
3 least ninety per cent of the assessed valuation for the 1991 tax year. This  
4 paragraph does not apply to fire districts subject to paragraph 1,  
5 subdivision (a) **OF THIS SUBSECTION.**

6 B. For the purpose of subsection A of this section, the property tax  
7 levy of the fire district shall include in lieu contributions pursuant to  
8 chapter 1, article 8 of this title but shall not include property tax levies  
9 to be applied to the payment of principal and interest on bonds issued  
10 pursuant to section 48-806.

11 C. Notwithstanding subsection A of this section, if two or more fire  
12 districts merge to form a consolidated district, the last amount received by  
13 each fire district from the fire district assistance tax prior to the merger  
14 shall be combined, and if the combined amount exceeds three hundred thousand  
15 dollars, the consolidated district may continue to receive that amount from  
16 the fire district assistance tax.

17 D. If two or more fire districts merge to form a consolidated district  
18 and the total of the amounts received by each fire district from the fire  
19 district assistance tax is less than three hundred thousand dollars, the  
20 consolidated district may continue to receive monies until its receipts total  
21 three hundred thousand dollars, as prescribed in subsection A of this  
22 section.

23 E. Not more than ten days after the perfection of the organization of  
24 a fire district, and thereafter not later than August 1 of each year, the  
25 chief and the secretary-treasurer of the district, or if there is a district  
26 board, the chairman of the board, shall submit to the board of supervisors an  
27 estimate, certified by items, of the amount of money required for the  
28 equipment and maintenance of the district for the ensuing year.

29 F. The board, based on the budget submitted by the district, shall  
30 levy, in addition to any tax levied as provided in section 48-806 **AND SUBJECT**  
31 **TO THE LIMITATION PRESCRIBED BY SUBSECTION G OF THIS SECTION,** a tax not to  
32 exceed three dollars twenty-five cents per one hundred dollars of assessed  
33 valuation against all property situated within the district boundaries and  
34 appearing on the last assessment roll. The levy shall be made and the taxes  
35 collected in the manner, at the time and by the officers provided by law for  
36 the collection of general county taxes.

37 **G. BEGINNING IN TAX YEAR 2008, THE AMOUNT OF THE LEVY UNDER SUBSECTION**  
38 **F OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE PRECEDING**  
39 **TAX YEAR, MULTIPLIED BY 1.10, OR THE AMOUNT OF LEVY ALLOWED BY THE MAXIMUM**  
40 **TAX RATE PRESCRIBED BY SUBSECTION F OF THIS SECTION, WHICHEVER IS LESS. FOR**  
41 **A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008, THE LIMIT**  
42 **UNDER THIS SUBSECTION APPLIES BEGINNING IN THE SECOND TAX YEAR BASED ON THE**  
43 **LEVY IN THE FIRST TAX YEAR. IF THE DISTRICT ANNEXES ADDITIONAL TERRITORY,**  
44 **THE LIMIT UNDER THIS SUBSECTION SHALL BE ADJUSTED BY APPLYING THE DISTRICT'S**  
45 **TAX RATE TO THE ASSESSED VALUATION OF THE ANNEXED PROPERTY IN THE PRECEDING**

1 TAX YEAR. IF DISTRICTS ARE MERGED OR CONSOLIDATED UNDER THIS CHAPTER, THE  
2 LIMITATION UNDER THIS SUBSECTION IN THE FIRST YEAR AFTER THE DISTRICTS ARE  
3 MERGED OR CONSOLIDATED IS THE TOTAL OF THE LEVIES OF THE MERGED OR  
4 CONSOLIDATED DISTRICTS IN THE PRECEDING TAX YEAR MULTIPLIED BY 1.10, OR THE  
5 AMOUNT OF THE LEVIES ALLOWED BY THE MAXIMUM RATE PRESCRIBED BY SUBSECTION F  
6 OF THIS SECTION, WHICHEVER IS LESS.

7 H. THE LEVY LIMIT UNDER THIS SECTION IS CONSIDERED TO BE INCREASED  
8 EACH YEAR TO THE MAXIMUM LIMIT PERMISSIBLE UNDER SUBSECTION G OF THIS SECTION  
9 REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES TAXES UP TO THE MAXIMUM  
10 PERMISSIBLE AMOUNT IN THAT YEAR.

11 ~~G.~~ I. The county treasurer shall keep the money received from taxes  
12 levied pursuant to subsection F of this section in a separate fund known as  
13 the "fire district fund" of the district for which collected. Any surplus  
14 remaining in the fund at the end of the fiscal year shall be credited to the  
15 fire district fund of the district for which collected for the succeeding  
16 fiscal year.

17 ~~H.~~ J. When a fire district has adopted a budget and the board of  
18 supervisors has levied a fire district tax as provided in subsection F of  
19 this section and the district has insufficient money in its fund with the  
20 county treasurer to operate the district, the elected chief and the  
21 secretary-treasurer, or if there is a district board, the chairman of the  
22 board, on or after August 1 of each year, may draw warrants for the purposes  
23 prescribed in section 48-805 on the county treasurer, payable on November 1  
24 of that year or on April 1 of the succeeding year. The aggregate amounts of  
25 the warrants may not exceed ninety per cent of the taxes levied by the county  
26 for the district's current fiscal year. If the treasurer cannot pay a  
27 warrant for lack of funds in the fire district fund, the warrant shall be  
28 endorsed, be registered, bear interest and be redeemed as provided by law for  
29 county warrants, except that the warrants are payable only from the fire  
30 district fund.

31 Sec. 9. Title 48, chapter 5, article 1, Arizona Revised Statutes, is  
32 amended by adding section 48-808, to read:

33 48-808. Fire district secondary property tax override

34 A. THE DISTRICT BOARD OR THE ELECTED CHIEF AND SECRETARY-TREASURER MAY  
35 ORDER AN ELECTION BY THE QUALIFIED ELECTORS OF THE DISTRICT TO AUTHORIZE A  
36 SECONDARY PROPERTY TAX LEVY THAT EXCEEDS THE LIMITATIONS ON SECONDARY  
37 PROPERTY TAXATION OTHERWISE PRESCRIBED BY SECTION 48-807, SUBSECTION G. IF  
38 THE DISTRICT IS GOVERNED BY A BOARD OF DIRECTORS, THE BOARD MUST ADOPT A  
39 RESOLUTION, BY MAJORITY VOTE OF THE BOARD MEMBERS, TO ORDER THE ELECTION  
40 UNDER THIS SECTION. THE AUTHORIZATION OF ADDITIONAL SECONDARY PROPERTY TAXES  
41 UNDER THIS SECTION IS SUBJECT TO THE FOLLOWING CONDITIONS AND LIMITATIONS:

42 1. THE ELECTION MUST BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST  
43 MONDAY IN NOVEMBER AS PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH  
44 1, SUBDIVISION (d).



2. THE AUTHORIZATION FOR TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE PRESCRIBED SHALL NOT EXTEND FOR MORE THAN SEVEN YEARS.

3. THE RATE OF TAXATION UNDER THIS SECTION, PLUS THE RATE OF TAXATION UNDER SECTION 48-807, SHALL NOT EXCEED THE MAXIMUM ALLOWABLE RATE PRESCRIBED BY SECTION 48-807, SUBSECTION F.

B. THE CALL OF THE ELECTION MUST STATE:

1. THE NUMBER OF YEARS IN WHICH THE AUTHORITY TO LEVY TAXES IN EXCESS OF THE LIMITATIONS OTHERWISE PRESCRIBED WILL BE IN EFFECT.

2. THE PURPOSE FOR REQUESTING ADDITIONAL SECONDARY PROPERTY TAX REVENUE FOR THE DISTRICT.

3. IF THE VOTERS APPROVE THE LEVY:

(a) THE MAXIMUM DOLLAR AMOUNT OF ADDITIONAL SECONDARY PROPERTY TAX THAT MAY BE COLLECTED IN EACH YEAR.

(b) THE ESTIMATED SECONDARY PROPERTY TAX RATE TO FUND THE PROPOSED LEVY UNDER SUBDIVISION (a) IN THE FIRST TAX YEAR.

C. THE DISTRICT MAY USE REVENUES FROM AN ADDITIONAL LEVY PURSUANT TO THIS SECTION ONLY FOR THE PURPOSES STATED IN THE RESOLUTION AND CALL OF THE ELECTION. IF AN UNEXPECTED BALANCE OF MONIES COLLECTED PURSUANT TO THIS SECTION REMAINS AFTER SATISFYING THE PURPOSE OF THE ADDITIONAL LEVY, THE DISTRICT SHALL USE THE BALANCE TO REDUCE THE LEVY UNDER THIS SECTION IN THE FOLLOWING YEAR. IF THE BALANCE EXCEEDS THE REQUIREMENTS FOR THE FOLLOWING YEAR OR IF THE AUTHORITY TO LEVY THE ADDITIONAL TAX UNDER THIS SECTION EXPIRES AND IS NOT RENEWED FOR A SUBSEQUENT TERM, THE DISTRICT SHALL USE THE BALANCE TO REDUCE THE DISTRICT'S SECONDARY PROPERTY TAX LEVY PURSUANT TO SECTION 48-807 IN THE FOLLOWING YEAR.

D. THE DISTRICT SHALL MAINTAIN AND SEPARATELY ACCOUNT FOR REVENUES COLLECTED PURSUANT TO THIS SECTION IN A FUND IN THE DISTRICT TREASURY.

E. REVENUES COLLECTED PURSUANT TO THIS SECTION SHALL NOT BE INCLUDED IN THE SECONDARY PROPERTY TAX LEVY LIMITATION PRESCRIBED BY SECTION 48-807, SUBSECTION G FOR ANY SUBSEQUENT YEAR.

Sec. 10. Section 48-1104, Arizona Revised Statutes, is amended to read:

48-1104. Financial statement; levy and collection of taxes; limitation

A. On or before July 1 each year the board of directors shall prepare a full and complete statement of the financial affairs of the district for the preceding fiscal year and an estimate of the amount of money necessary to be raised to defray district expenses during the next fiscal year. The estimate shall be fully itemized and take into account any deficit or surplus from the preceding fiscal year.

B. The board shall certify the estimate, and at the time county taxes are levied the board of supervisors shall levy a tax sufficient to raise the amount of the estimate **NOT TO EXCEED THE LIMITATION AS PRESCRIBED BY SUBSECTION C OF THIS SECTION**. The taxes shall be assessed, levied and collected in the same manner as county taxes.

1 C. BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER  
2 SUBSECTION B OF THIS SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE  
3 PRECEDING TAX YEAR, ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF  
4 CHANGE IN THE LEVY LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR  
5 THE COUNTY IN WHICH THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION  
6 42-17051. THE LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR  
7 TO THE MAXIMUM PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY  
8 LEVIES THAT AMOUNT.

9 Sec. 11. Section 48-3901, Arizona Revised Statutes, is amended to  
10 read:

11 48-3901. County free library district; election on proposed  
12 establishment; board of directors

13 A. AS PROVIDED BY SUBSECTION B OF THIS SECTION, the board of  
14 supervisors may establish at the county seat a county free library district  
15 for the county and for all cities and towns within the county as may elect to  
16 become a part of, or to participate in, the county free library district, as  
17 provided in this article and title 11, chapter 7, article 1. The district  
18 may include branch libraries at locations determined by the board.

19 ~~B. At least once each week for three successive weeks prior to taking~~  
20 ~~action upon the establishment of the county free library district, the board~~  
21 ~~shall publish in the county notice of such contemplated action, giving~~  
22 ~~therein the date and time of the meeting at which the action is proposed to~~  
23 ~~be taken.~~

24 B. BEGINNING FROM AND AFTER DECEMBER 31, 2008, TO ESTABLISH THE  
25 DISTRICT, THE BOARD OF SUPERVISORS MUST PROVIDE FOR AND CALL AN ELECTION TO  
26 SUBMIT THE ISSUE TO THE QUALIFIED ELECTORS OF THE COUNTY. THE ELECTION SHALL  
27 BE HELD ON THE FIRST TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS  
28 PRESCRIBED BY SECTION 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d).  
29 THE BALLOT SHALL CONTAIN THE WORDS "DISTRICT FORMATION, YES" AND "DISTRICT  
30 FORMATION, NO". THE BALLOT SHALL INCLUDE A SEPARATE QUESTION ON THE ISSUE OF  
31 LEVYING A PROPERTY TAX AS PROVIDED BY SECTION 48-3903 FOR THE PURPOSES OF  
32 THIS CHAPTER. THE BALLOT SHALL CONTAIN THE WORDS "TAX, YES" AND "TAX, NO".  
33 IF A MAJORITY OF THE QUALIFIED ELECTORS APPROVE THE QUESTION ON FORMING THE  
34 DISTRICT, THE DISTRICT MAY BE ESTABLISHED, BUT IF A MAJORITY OF THE QUALIFIED  
35 ELECTORS DISAPPROVE THE QUESTION ON THE TAX LEVY, THE DISTRICT SHALL NOT BE  
36 ESTABLISHED. THE COUNTY SHALL ADMINISTER THE ELECTION AS OTHERWISE PROVIDED  
37 BY LAW.

38 C. The board of supervisors shall be the board of directors of the  
39 county free library district.

40 Sec. 12. Section 48-3903, Arizona Revised Statutes, is amended to  
41 read:

42 48-3903. Tax levies; limitation

43 A. The board of directors, after a county free library is established,  
44 ~~shall~~ MAY annually levy in the same manner and at the same time as other  
45 county secondary property taxes are levied a county free library district tax

1 sufficient to establish the district and to ~~insure~~ ENSURE the payment of  
2 salaries, maintenance and upkeep and other necessary expenses of the county  
3 free library district. FOR DISTRICTS ESTABLISHED FROM AND AFTER DECEMBER 31,  
4 2008, THE TAX LEVY MUST BE APPROVED BY THE QUALIFIED ELECTORS VOTING ON THE  
5 ISSUE AS PROVIDED BY SECTION 48-3901, SUBSECTION B.

6 B. The tax shall be levied and collected upon all property in the  
7 county and upon all property within incorporated cities and towns in the  
8 county.

9 C. BEGINNING IN TAX YEAR 2009, THE MAXIMUM AMOUNT OF A LEVY UNDER THIS  
10 SECTION SHALL NOT EXCEED THE AMOUNT OF THE LEVY IN THE PRECEDING TAX YEAR,  
11 ADJUSTED ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY  
12 LIMIT BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH  
13 THE DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE  
14 LIMITATION UNDER THIS SUBSECTION SHALL BE INCREASED EACH YEAR TO THE MAXIMUM  
15 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT  
16 AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,  
17 THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY  
18 THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-3901, SUBSECTION B.

19 Sec. 13. Section 48-4023, Arizona Revised Statutes, is amended to  
20 read:

21 48-4023. Property tax levy; limitation

22 A. If a majority of the qualified electors voting at an election held  
23 pursuant to section 48-4021 ~~approves~~ APPROVE a county jail district ad  
24 valorem property tax, on or before the third Monday in August each year the  
25 district shall certify to the county board of supervisors the amount of taxes  
26 to be levied for the taxable year on the taxable property in the district  
27 which, together with unexpended balances carried forward from the previous  
28 fiscal year and revenues from all other sources, is necessary to pay the  
29 maintenance and operation expenses of the district in carrying out the  
30 objects and purposes of this chapter.

31 B. The board of supervisors shall levy a secondary property tax on the  
32 taxable property in the district, at the same time and in the same manner as  
33 county taxes are levied, sufficient to provide the amount certified under  
34 subsection A of this section, but the tax ~~rate~~ is limited to, and shall not  
35 exceed in any event, THE LESSER OF:

36 1. Twenty cents per one hundred dollars of assessed valuation, except  
37 as provided in subsection ~~D~~ E of this section.

38 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY UNDER THIS  
39 SECTION SHALL NOT EXCEED THE LEVY IN THE PRECEDING TAX YEAR, ADJUSTED  
40 ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT  
41 BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE  
42 DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE  
43 LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM  
44 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT  
45 AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,

1 THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY  
2 THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

3 C. The tax revenues collected pursuant to this section shall be paid  
4 to the district treasurer and deposited in the county jail district general  
5 fund and used solely for the purposes for which they were collected.

6 ~~C.~~ D. The tax shall be levied on all of the taxable property in the  
7 district.

8 ~~D.~~ E. Notwithstanding subsection B of this section, for tax years  
9 2006, 2007 and 2008, the district may certify and the board of supervisors  
10 shall levy a secondary property tax on the taxable property in the district  
11 in an amount equal to the amount levied in tax year 2005.

12 Sec. 14. Section 48-4023.01, Arizona Revised Statutes, is amended to  
13 read:

14 48-4023.01. Property tax levy for juvenile detention  
15 facilities; limitation

16 A. If a majority of the qualified electors voting at an election held  
17 pursuant to section 48-4021 ~~approves~~ APPROVE an ad valorem property tax for  
18 the district that includes juvenile detention facilities or if a majority of  
19 the qualified electors voting at an election held pursuant to section 48-4004  
20 ~~approves~~ APPROVE the inclusion of juvenile detention facilities in a district  
21 that was created by an election held pursuant to section 48-4021, the  
22 district may impose an ad valorem property tax pursuant to this section. The  
23 district shall certify to the county board of supervisors on or before the  
24 third Monday in August of each year the amount of taxes to be levied in  
25 addition to the levy in section 48-4023 for the taxable year on the taxable  
26 property in the district. The amount certified together with unexpended  
27 balances carried forward from the previous fiscal year and revenues from all  
28 other sources shall be the amount necessary to pay the maintenance and  
29 operation expenses of the district in carrying out this chapter in relation  
30 to juvenile detention facilities.

31 B. The board of supervisors may levy a secondary property tax on the  
32 taxable property in the district at the same time and in the same manner as  
33 county taxes are levied in an amount that is sufficient to provide the amount  
34 certified pursuant to subsection A of this section. The tax ~~rate~~ is limited  
35 to THE LESSER OF:

36 1. Ten cents per one hundred dollars of assessed valuation, except as  
37 provided in subsection ~~D.~~ E of this section.

38 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY UNDER THIS  
39 SECTION SHALL NOT EXCEED THE LEVY IN THE PRECEDING TAX YEAR, ADJUSTED  
40 ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT  
41 BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE  
42 DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE  
43 LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM  
44 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT  
45 AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,

1 THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT AS APPROVED BY  
2 THE QUALIFIED ELECTORS PURSUANT TO SECTION 48-4021.

3 C. The tax revenues collected pursuant to this section shall be paid  
4 to the district treasurer for deposit in the county jail district general  
5 fund and shall be used solely for juvenile detention facilities.

6 ~~C.~~ D. The tax shall be levied on all of the taxable property in the  
7 district.

8 ~~D.~~ E. Notwithstanding subsection B of this section, for tax years  
9 2006, 2007 and 2008, the district may certify and the board of supervisors  
10 shall levy a secondary property tax on the taxable property in the district  
11 in an amount equal to the amount levied in tax year 2005.

12 Sec. 15. Section 48-5802, Arizona Revised Statutes, is amended to  
13 read:

14 48-5802. Formation of district; election

15 A. A county board of supervisors may establish a public health  
16 services district ~~pursuant to either subsection B or C of~~ AS PROVIDED BY this  
17 section.

18 B. The board of supervisors ~~may provide for an election on the~~  
19 ~~formation of the district and~~ shall submit the question ON THE FORMATION OF  
20 THE DISTRICT to the qualified electors of the county on ~~a date~~ THE FIRST  
21 TUESDAY FOLLOWING THE FIRST MONDAY IN NOVEMBER AS prescribed by section  
22 16-204, SUBSECTION B, PARAGRAPH 1, SUBDIVISION (d). The ballot for the  
23 election shall contain the words "district formation, yes" and "district  
24 formation, no". THE BALLOT MAY INCLUDE A SEPARATE QUESTION ON THE ISSUE OF  
25 LEVYING A PROPERTY TAX AS PROVIDED BY SECTION 48-5805, SUBSECTION C FOR THE  
26 PURPOSES OF THIS CHAPTER AND, IF SO, THE BALLOT SHALL CONTAIN THE WORDS "TAX,  
27 YES" AND "TAX, NO". The county shall administer the election as otherwise  
28 provided by law. If a majority of the ~~persons~~ QUALIFIED ELECTORS voting on  
29 the question ~~approves~~ APPROVE the ~~question~~ FORMATION OF THE DISTRICT, the  
30 district shall be formed to consist of the entire county, including the  
31 cities and towns that are located in whole or in part in the county. If a  
32 district is formed pursuant to this subsection, the county shall not reduce  
33 expenditures for public health to an amount that is less than fifty per cent  
34 of the county's fiscal year general fund public health expenditures as  
35 determined by calculating the average of the fiscal year expenditure amounts  
36 for the three fiscal years immediately preceding the year of the election.  
37 Costs for financing construction of any building shall not be included in the  
38 calculation of expenditures.

39 ~~C. The board of supervisors may establish a district by unanimous vote~~  
40 ~~of the board. If established by unanimous vote, the district shall be formed~~  
41 ~~to consist of the entire county, including the cities and towns that are~~  
42 ~~located in whole or in part in the county. If a district is formed pursuant~~  
43 ~~to this subsection, the county shall not reduce expenditures for public~~  
44 ~~health to an amount that is less than sixty per cent of the county's fiscal~~  
45 ~~year general fund public health expenditures as determined by calculating the~~

~~average of the fiscal year expenditure amounts for the three fiscal years immediately preceding the year of the district's formation. Costs for financing construction of any building shall not be included in the calculation of expenditures.~~

~~D.~~ C. If the county does not form a public health services district pursuant to this section, the county shall provide equally public health services to all residents of the county, including residents of cities and towns. The county may spend monies for public health services to address a specific public health need that is unique to a particular area or condition. The county shall not reduce expenditures for public health to an amount that is less than fifty per cent of the county's general fund public health expenditures in fiscal year 1998-1999. Costs for financing construction of any building shall not be included in the calculation of expenditures. Any city or town may provide services to its residents beyond the county's basic level of service and may use any combination of internal municipal departments or any other provider.

~~E.~~ D. A city or town that contributed monies to a county's public health budget in fiscal year 1999-2000:

1. In fiscal year 2000-2001, shall pay to the county one hundred per cent of the city's or town's original public health expenditure.

2. In fiscal year 2001-2002, shall pay to the county ninety-five per cent of the city's or town's original public health expenditure.

3. If the district is formed pursuant to this section or for any fiscal year after 2001-2002, shall no longer be obligated to pay monies to the county for public health expenditures.

4. Shall determine the city's or town's original public health expenditure level by calculating the fiscal year expenditure amount for fiscal year 1999-2000. Costs for financing construction of any building and payments made for expenditures incurred for any previous fiscal year shall not be included in the calculation of expenditures.

Sec. 16. Section 48-5805, Arizona Revised Statutes, is amended to read:

48-5805. Transaction privilege tax; property tax; limitation

A. The board of directors of the district by resolution may levy, and if levied, the department of revenue shall collect, a transaction privilege tax pursuant to this section to be used and spent for the purposes described in section 48-5804. The board shall set the rate of the tax at not more than two per cent of the tax rate that applies to each business in the district that is subject to taxation under title 42, chapter 5, article 1. The board shall levy the tax on each person engaging in the district in a business taxed under title 42, chapter 5, article 1.

B. Each month the state treasurer shall remit to the district treasurer the net revenues collected under subsection A of this section during the second preceding month. The district treasurer shall deposit the

1 monies in the public health services district's accounts and shall account  
2 for all expenditures.

3 C. In lieu of a transaction privilege tax pursuant to subsection A of  
4 this section, the board by resolution may levy in the same manner and at the  
5 same time as other county secondary property taxes are levied a public health  
6 services district tax IF APPROVED BY THE QUALIFIED ELECTORS PURSUANT TO  
7 SECTION 48-5802, SUBSECTION B. The tax shall not exceed THE LESSER OF:

8 1. Twenty-five cents per one hundred dollars of assessed valuation and  
9 shall be levied on all property in the county and on all property within  
10 incorporated cities and towns in the county.

11 2. BEGINNING IN TAX YEAR 2009, THE AMOUNT OF THE LEVY UNDER THIS  
12 SECTION SHALL NOT EXCEED THE LEVY IN THE PRECEDING TAX YEAR, ADJUSTED  
13 ANNUALLY BY A PERCENTAGE EQUAL TO THE RATE OF CHANGE IN THE LEVY LIMIT  
14 BETWEEN THE CURRENT YEAR AND THE PRECEDING YEAR FOR THE COUNTY IN WHICH THE  
15 DISTRICT IS LOCATED AS DETERMINED PURSUANT TO SECTION 42-17051. THE  
16 LIMITATION UNDER THIS PARAGRAPH SHALL BE INCREASED EACH YEAR TO THE MAXIMUM  
17 PERMISSIBLE LIMIT REGARDLESS OF WHETHER THE DISTRICT ACTUALLY LEVIES THAT  
18 AMOUNT. FOR A DISTRICT THAT IS ESTABLISHED FROM AND AFTER DECEMBER 31, 2008,  
19 THE LIMIT SHALL BE BASED ON THE INITIAL LEVY OF THE DISTRICT APPROVED BY THE  
20 QUALIFIED ELECTORS PURSUANT TO SECTION 48-5802, SUBSECTION B.

21 D. The district shall deposit all monies collected pursuant to this  
22 subsection in a separate account and shall account for all expenditures.